

Step-by-Step Environmental Review

Overview and Preliminary Steps Required by All Activities *(3/10)*

Small Cities Development Program (SCDP)

All SCDP grantees must conduct an environmental review before DEED can release funds for the project.

Before release of funds and before full execution of the contract, for all but Exempt activities, grantees cannot commit (via contract) SCDP or non-SCDP funds for activities funded by SCDP or functionally related to those funded by SCDP.¹

All forms and other documents needed to conduct the environmental review are available in a fillable format (Word, Excel, fillable PDF) from SCDP staff, or online at http://www.positivelyminnesota.com/Government/Financial_Assistance/Community_Development_Funding/Small_Cities_Development_Program_4.aspx. Samples of documents from similar projects or activities are available from your SCDP Representative.

The steps below are required, in order to comply with the requirements of the National Environmental Policy Act of 1969, as amended. A simple overview of the process can be found on Attachment 1, Environmental Review Requirements Flowchart.

HUD's environmental regulations can be found online at:
<http://www.hud.gov/offices/cpd/environment/lawsandregs/regs/>

1. Determine the Environmental Certifying Officer.

The Environmental Certifying Officer must sign legal documents and notices for the environmental review.

The person assigned must be the person legally responsible for the conduct of government for the grantee and the unit of local government. In a city, this is generally the mayor, unless the responsibility and associated liability has been passed onto another staff by council resolution. The same applies to the chair of the county board of commissioners for a county, or the chair of a township board.

For multi-jurisdictional grants, unless otherwise named in the cooperation agreement between the applicants, the Environmental Certifying Officer will be the legally-responsible person in the jurisdiction named in the application and the grant agreement.

2. Determine level/category of environmental review for each activity or group of activities. Your project will fall into one of the following four categories.

***Tip:** Aside from activities that are Exempt, grantees should follow the requirements of the activity that needs the greatest amount of review.*

Example: If SCDP funded a new sewer system (not replacement) and owner occupied rehabilitation, publish the longer notice required for the new sewer system, but include information on the rehabilitation activity. This saves grantees having to publish multiple notices.

a. Exempt

These are activities that will have no impact or no potential impact to the environment and are not associated with other activities that *could* have an impact on the environment. (See attachment A1)

Examples:

- Engineering or design costs.

¹ The one exception to committing funds prior to release of funds is approved is if SCDP funds will be used for the purchase of property, the grantee may commit (but not draw) funds for an option agreement on the proposed site or property, if the cost of the option is a small portion of the entire purchase price. The option agreement must contain language that states that completion of the purchase is subject to a determination by the grantee on the desirability of the property for the project as a result of the completion of the environmental review.

- Inspections or testing of property for hazards or defects.
- Administrative and Management Activities.
- Down payment assistance
- Assessment abatement

b. Categorically Excluded (CE)

Most SCDP activities fall into this category. These are activities unlikely to have a major, negative impact on the environment, but for which some review and compliance are necessary. For the SCDP program, CE activities fall into these categories:

- 1) **Public facility activities** (other than construction of or work on buildings), where the facilities to be improved are already in place and will be retained in the same use without change of more than 20% in size or capacity.

Examples:

- Replacement of water lines with an increase in the distribution capacity of less than 20% (need an engineer's statement);
- Rehabilitation of sanitary sewer treatment ponds with no increase in capacity.

- 2) **Special projects directed to the removal of material and architectural barriers that restrict the mobility of and accessibility to elderly and handicapped persons;**

- 3) **Building rehabilitation that fits the following:**

- a. No change in use of building (housing stays housing, etc.);
- b. No unit density increase or size or capacity increase (of residents/ employees/customers) of more than 20%;
- c. No increase of a building footprint in a floodplain or wetland (only applies to 1-4 unit residential);
- d. Estimated cost of rehabilitation is less than 75% of after-rehabilitation cost of replacement (only applies to 5+ unit residential buildings).

Examples:

- All single-family rehabilitation funded by SCDP, including associated activity admin;
- Rehabilitation of existing 8 unit residential building that does not increase resident capacity more than 20% and that adheres to formula in d., above. (Must show calculation in each file.), including associated activity admin.
- Commercial rehabilitation that does not increase number of employees or customers by more than 20%.

- 4) **Other** (excludes 1-4 unit residential rehabilitation): ²

- a) An individual action (acquisition, demolition or new construction) on up to four dwelling units where there is a maximum of four units on any one site. The units can be four one-unit buildings or one four-unit building or any other combination; or
- b) An individual action (acquisition, demolition or new construction) on a project of five or more housing units developed on scattered sites when the sites are more than 2,000 feet apart and there are not more than four housing units on any one site.

Examples:

- Demolition of a dilapidated four-plex;
- New construction of 6 single-family homes on scattered sites;
- New construction of two 4-plexes, on sites more than 2,000 feet apart

c. Environmental Assessment (EA) – These are activities HUD has determined need a deeper level of review. They are essentially activities NOT listed under Exempt or Categorically Excluded, above.

Examples:

- construction of new sewer treatment at a new location;
- paving previously-unpaved streets;
- construction of a new, residential five (or more) unit building;
- replacement of water distribution lines, with an increase in the distribution capacity of 20% or more;
- conversion of an old school building into multi-family residential or mixed-use;
- rehabilitation of 5 residential units on a single site or commercial buildings where the estimated cost of rehabilitation is 75% or more of the after-rehabilitation cost of replacement.

² Other activities may also be Categorically Excluded. See HUD regulation 24 CFR 58.35 for the entire list.

d. Environmental Impact Statement (EIS) – Activities that need an EIS are either extremely large (larger than the typical SCDP project) or have been determined to have a significant effect on the environment. Little will be said about this level of environmental review due to its rarity. Contact your SCDP representative for more information.

3. Complete environmental review for category your project falls into.

- A. Guide for Exempt Activities (Attachment A1)
- B. Guide for Categorically Excluded (CE) Activities (Attachment A2)
- C. Guide for Environmental Assessment Activities (Attachment A3)